

**Page Denied**

Next 1 Page(s) In Document Denied

Sitrep  
17 October 1983

Poland: Status of Debt Rescheduling

Warsaw last week hosted a team of representatives of Western government creditors and met with banks to work out the last details of the agreement reached in August to reschedule debt due to banks this year. Polish authorities met with a task force of the Paris Club of government creditors, the first such meeting since the imposition of martial law. The Poles did not present a formal request, [REDACTED]

25X1

[REDACTED] there is no further room to cut imports and that Poland will need \$6 - 8 billion in new credits over the next three years. [REDACTED] Warsaw will not accept a rescheduling package that does not include new credits and IMF membership. [REDACTED]

25X1

25X1

25X1

25X1

The task force requested additional information from the Poles and plans to give its findings to the Paris Club on 26 October. The Club is to decide then whether to move beyond its July consensus "in principle" to open talks. [REDACTED]

25X1

[REDACTED] the agreement between Poland and Western banks will be signed in Luxembourg on 3 or 4 November. Final details were hammered out last week in Vienna, reaffirming the terms agreed on in August. [REDACTED] formal talks on rescheduling obligations for 1984 could begin immediately after signing. [REDACTED]

25X1

25X1

25X1

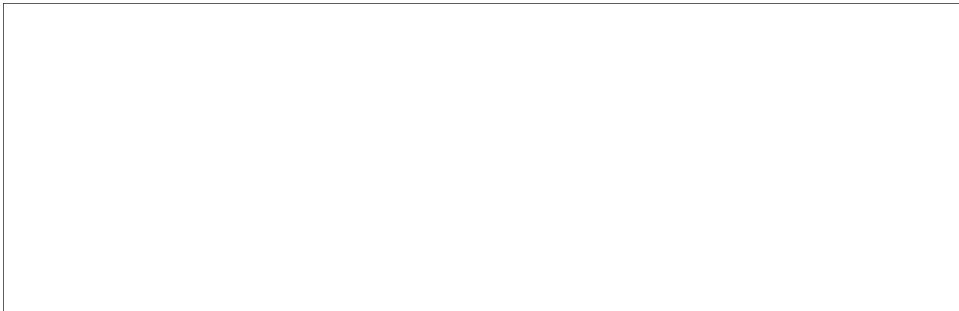
While most Western governments want to begin negotiations soon, rescheduling talks are likely to proceed slowly. Warsaw's

*EURM 13-10250 C.*

25X1

initial demands for debt relief, new credits, and IMF membership are certain to be more than the creditors will accept. Moreover, the expected signing next month of the agreement rescheduling bank debts for 1983--and the push for an early agreement on debts for 1984--will further complicate efforts of the Paris Club participants to receive payments.

25X1



25X1

Hungary: According to press reports, Hungary completed repayment of all outstanding obligations to the BIS with a final payment of \$100 million at the end of June. The information was made available in a quarterly report of the Swiss National Bank.

25X1

Both the Hungarian and Western press reported the 25 September signing of a \$200 million Eurodollar loan to the National Bank of Hungary. European, Middle Eastern, and Japanese banks, together with the World Bank, provided the money to supplement two previously awarded World Bank project loans for agricultural mechanization, grain storage facilities, and energy conservation.

25X1

25X1

25X1

Yugoslavia

According to press reports, 542 banks signed formal commitment notices on 7 October which refinance \$1.9 billion in maturing loans and provide \$600 million in new credits to Yugoslavia. The banks initially had estimated they would have to refinance some \$3.4 billion, but final accounting of claims on Yugoslavia showed that only \$1.9 billion fell under the terms of the private debt refinancing agreement. Signing of the agreement freed up more IMF money for Yugoslavia; \$1.06 million this month and \$137 million in November. [redacted] the IMF disbursements will pay off part of the \$500 million in short-term bridge loans obtained from the BIS. [redacted]

25X1

25X1

25X1

[redacted] The West Germans encouraged Yugoslavia to consider rescheduling its debt. Yugoslav authorities resist a formal rescheduling, arguing that their prestige and ability to govern effectively would be undermined. [redacted]

25X1

25X1

Most Western banks and government do not wish to provide debt relief for 1984 by negotiating another "Friends of Yugoslavia" package, preferring instead a formal rescheduling of the debt. The banks in particular prefer a rescheduling because this year's rescue effort did not produce an equal burdensharing between private and official creditors. The French, British, German, and other governments, as well as exposed Western banks,

foresee Yugoslav financial shortfalls for several years to  
come.

25X1

25X1